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Decision of April 25, 2017

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**DECISION
RELATIVE TO THE MERGER OF
THE EDGARTOWN NATIONAL BANK, EDGARTOWN, MASSACHUSETTS
WITH AND INTO
ROCKLAND TRUST COMPANY, ROCKLAND, MASSACHUSETTS**

Rockland Trust Company, Rockland, Massachusetts (Rockland Trust) has applied to the Division of Banks (Division) to merge with The Edgartown National Bank, Edgartown, Massachusetts (Edgartown National) pursuant to the provisions of Massachusetts General Laws chapter 167I, section 3. Under the terms of the Agreement and plan of Merger, dated as of October 20, 2016, Edgartown National will merge with and into Rockland Trust under the charter, by-laws, and name of Rockland Trust (Continuing Institution). The main office of Rockland Trust will remain the main office of the Continuing Institution after consummation of the proposed merger, and the Continuing Institution will retain all of the banking offices of Edgartown National as branch offices. The merger application was filed in connection with a multi-step transaction in which, in addition to the merger of Edgartown National with and into Rockland Trust, Island Bancorp, Inc. (Island), the holding company for Edgartown National, will merge with and into Independent Bank Corp. (Independent), the holding company for Rockland Trust.

Legal and Procedural Requirements

Notice of Rockland Trust's application was posted and published as directed by the Division thereby affording opportunity for interested parties to submit comments. The period for filing comments has expired, and no comments were received. The Division reviewed the application and supplementary materials submitted by Rockland Trust in accordance with applicable law, including the statutory criteria of whether competition among banking institutions will be unreasonably affected and whether public convenience and advantage as well as "net new benefits" will be promoted by approval of the proposed transaction. The Division considered both banks' records of performance under the Community Reinvestment Act (CRA) as well as financial and managerial factors.

Pursuant to Massachusetts General Laws chapter 167A, section 3, because Island would merge with and into Independent simultaneously with the merger of the subsidiary banks if the bank merger were approved by the Division, an application to the Commonwealth's Board of Bank Incorporation was not required for the merger of the holding companies. In reviewing the proposed transaction, the Division must receive notice from the Massachusetts Housing Partnership Fund (MHPF) that satisfactory arrangements have been made consistent with Massachusetts General Laws chapter 167A, section 4 and the MHPF's affordable housing loan programs. The Division received notice from the MHPF that satisfactory arrangements have been made for this transaction in a letter dated January 24, 2017.

The Parties

Rockland Trust is a Massachusetts trust company and is the sole banking subsidiary of Independent. In addition to its main office in Rockland, Massachusetts, Rockland Trust operates 80 full-service branch offices in the Massachusetts counties of Barnstable, Bristol, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester. As of December 31, 2016, Rockland Trust had total assets of approximately \$7.7 billion and total deposits of approximately \$6.5 billion. Rockland Trust offers a full range of personal and business checking, deposit, and loan products and services, as well as investment and tax management services. Rockland Trust's deposits are insured up to allowable limits by the Federal Deposit Insurance Corporation (FDIC).

Edgartown National was chartered as a national bank association in 1905 and is the sole banking subsidiary of Island. In addition to its main office, Edgartown National operates three branch offices, all of which are located in Dukes County. As of December 31, 2016, Edgartown National had total assets of approximately \$192.1 million and total deposits of approximately \$169.1 million. Edgartown National offers a full range of personal and business checking, deposit, and loan products and services. Like Rockland Trust, Edgartown National's deposits are insured up to allowable limits by the FDIC.

Competition

Materials have been submitted to address the issue that competition among banks will not be unreasonably affected by the proposed transaction. In analyzing the impact of a proposed transaction on banking competition, the Division considers, but does not rely exclusively upon, the guidelines used by federal authorities to review bank mergers. Essentially, these guidelines define relevant markets and measure concentration, which is considered an important

indicator of competitiveness. The starting point in the federal analysis is the Herfindahl-Hirschman Index (HHI), an arithmetic measure of market concentration that synthesizes the distribution of market shares and the number of banks in the affected market into a single value. In this case, the HHI analysis demonstrates that consummation of the transaction will not result in an undue concentration of banking resources. In addition to that analysis, the Division considers the competitive impact of the proposed transaction on a community-by-community basis, as well as on the overall banking structure of the Commonwealth. Rockland Trust and Edgartown National do not have any banking offices located in the same city or town, and the application indicates that the Continuing Institution will maintain the banking offices of Edgartown National as branch offices. Accordingly, the review of the transaction's impact on competition supports its approval.

Public Convenience and Advantage

The Division next considered the record of the application to determine whether public convenience and advantage will be promoted. Rockland Trust indicates that the banking public will benefit as a result of the proposed merger. As discussed further below, the customers of both banks will have increased access to the Continuing Institution's products and services, many of which Edgartown National does not offer.

In determining whether to approve a petition under the statutory criteria, the Division is required to consider a showing of "net new benefits" related to the transaction. That term as set out in section 3 of said chapter 167I includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors that the Division may deem necessary. Rockland Trust addressed this requirement of the statute. The Continuing Institution plans to make capital investments of approximately \$980,000 in new equipment and signage. With regard to employment, supplemental materials indicate that there will be some initial staff reductions, but Rockland Trust anticipates that the Continuing Institution's future growth and expansion will create new jobs. The materials submitted as part of the application indicate that consumers of Edgartown National will benefit from a higher lending limit and expanded and enhanced products and services, including asset-based lending and tax and investment management services. Furthermore, as previously mentioned, the Continuing Institution is expected to maintain all banking offices of Edgartown National as branch offices. Customers of both banks will find additional convenience conducting their banking business from this larger branch and ATM network of the Continuing Institution. Accordingly, the factors related to public convenience and advantage, including net new benefits, are consistent with approval of Rockland Trust's application.

Related to the issue of public convenience and advantage is the record of CRA performance by the banks that are parties to this transaction. Such review for Massachusetts-chartered banks includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal bank regulatory agency may also be considered. Rockland Trust received an "Outstanding" rating in its most recent CRA performance evaluation conducted jointly by the Division and the FDIC as of February 10, 2014. Edgartown National also received an "Outstanding" rating in its most recent CRA performance evaluation conducted by the Office of the Comptroller of the Currency as of May 12, 2014. The Division's consideration of the CRA performance of Rockland Trust and Edgartown National also supports the approval of the proposed merger.

Financial and Managerial Considerations

The Division also reviews and considers the financial and managerial aspects of the proposed transaction. The consideration for this transaction will be a combination of cash and an exchange of Island common stock for Independent common stock in accordance with a negotiated exchange ratio. No financing arrangements were reported as necessary to complete this transaction. Materials provided indicate that upon consummation of the transaction, the Continuing Institution will meet all regulatory capital requirements.

According to the application, the boards of directors and senior management of Independent and Rockland Trust will not change due to the proposed transaction. Accordingly, upon review, the financial and managerial considerations support approval of the application.

Conclusion

Upon review of the complete record of the application with reference to the relevant statutory and regulatory requirements, the Division concludes that all such requirements have been met, and that consummation of the proposed transaction is in the public interest. On the basis of these considerations, and subject to the conditions set forth below, approval is granted for Edgartown National to merge with and into Rockland Trust under the charter, by-laws, and name of Rockland Trust pursuant to section 3 of chapter 167I of the General Laws. Approval is also granted for Rockland Trust to maintain the four banking offices of Edgartown National as branch offices.

The approval granted herein is subject to the following conditions:

1. That the proposed merger shall not become effective until a Certificate signed by the Presidents and Clerks, or other duly authorized officers of each bank, indicating that each institution has complied with the provisions of Massachusetts General Laws chapter 167I, section 3 has been returned with my endorsement thereon;
2. That the proposed merger shall not become effective unless the Articles of Merger with my endorsement thereon are filed with the Secretary of State; and
3. That the proposed merger shall be consummated within one year of the date of this decision.

April 25, 2017

Date

Terence A. McGinnis

Commissioner of Banks

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